

HONORABLE CHRISTOPHER M. ALSTON

HEARING DATE: FRIDAY, NOVEMBER 18, 2016
HEARING TIME: 9:30 A.M.
LOCATION: COURTROOM 7206, SEATTLE
RESPONSE DUE: MONDAY, NOVEMBER 14, 2016

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re

CREATURE, LLC,

Debtor.

No. 16-12940

FIRST AND FINAL APPLICATION FOR
COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF
BUSH KORNFELD LLP, BANKRUPTCY
COUNSEL TO DEBTOR

Bush Kornfeld LLP ("Bush Kornfeld"), bankruptcy counsel for Debtor, hereby makes its first and final application for compensation and reimbursement of expenses in this case for the time period May 31, 2016 through October 25, 2016, and respectfully requests this Court enter a final order allowing its attorneys' fees in the amount of \$17,518.50, and reimbursement of expenses in the amount of \$509.53, for a total award of \$18,028.03 as set forth in detail in Exhibit A hereto. A proposed order authorizing and directing payment is attached hereto as Exhibit B. In support of its application, Bush Kornfeld represents as follows.

1. Date of Order Authorizing Employment of Attorneys. Bush Kornfeld was appointed by Court order dated June 27, 2016, to represent Debtor (Dkt. #30).

FIRST APPLICATION FOR INTERIM COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF BUSH
KORNFELD LLP, BANKRUPTCY COUNSEL TO DEBTOR –

BUSH KORNFELD LLP
LAW OFFICES
601 Union St., Suite 5000
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

2. Dates and Amounts Received from Prior Fee Applications. The undersigned has not previously received payments for attorneys' fees and costs in this bankruptcy proceeding.

3. Source of Payment for Requested Compensation. Bush Kornfeld holds approximately \$29,117.00 in its trust account as the balance of the retainer it received from Creature, LLC prior to the petition date.

4. Amount of Unencumbered Funds on Hand. The entire balance of the retainer funds is unencumbered.

5. Other Professionals Whose Employment Has Been Authorized. There are no other professionals whose employment has been authorized in this bankruptcy proceeding.

6. Summary of Services Provided, Result and Benefit to the Estate.

CATEGORIES	TOTAL HOURS	TOTAL DOLLARS
Claims Analysis and Objections to Claims	.10	\$49.50
Fees	1.70	\$738.00
Financing and Cash Collateral	8.80	\$4,356.00
General Administration	24.90	\$12,325.50
Schedules and Statement of Financial Affairs	.10	\$49.50

Bush Kornfeld provided a variety of services during the time period covered by this application, the details of which are set forth in the attorney time records submitted herewith. A summary of those services is set forth below.

The debtor was an advertising and marketing firm. Prior to bankruptcy it sustained significant operating losses, largely as a function of having opened a second office in London that did not operate profitably and had to be supported by the Seattle office. Also, the business model for the Seattle office changed, and revenues declined. To its credit, the debtor made significant changes prior to bankruptcy in an effort to return to profitability. It sold the London office, and significantly reduced

1 its work force in Seattle. It also moved into smaller business premises, at a savings of over \$20,000
2 per month alone. Unfortunately, collection efforts from various creditors forced the bankruptcy filing.

3 Because significant cost cutting had already occurred, the major goal in the Chapter 11 was to
4 seek to increase revenues under the new operating model. The debtor was candid with the bankruptcy
5 court and its lender that this effort would not be a protracted one, but that the debtor would make a
6 decision as to which direction the case would go fairly early in the process.

7 Unfortunately, the debtor was unable to attract the project work that it needed to confidently
8 continue operations going forward, so the decision was made to discontinue operations at the end of
9 July 2016. The case was converted to Chapter 7 a week later.

10 During the process, Bush Kornfeld provided a variety of necessary services. Bush Kornfeld
11 worked with the debtor to prepare an acceptable operating budget, prepared pleadings seeking
12 authority to use cash collateral, negotiated the terms of an agreed order with the debtor's secured
13 lender, and appeared at a hearing on that motion. The Court granted interim authority to use cash
14 collateral, and extended that authority briefly near the end of the case.

15 Bush Kornfeld also represented the debtor in connection with its attendance at the Initial
16 Debtor Interview, and also the Section 341 First Meeting of Creditors. Bush Kornfeld prepared the
17 debtor in advance for both of these proceedings so both could be productive.

18 Bush Kornfeld also spent considerable time conferring with the debtor as to its options and
19 alternatives going forward, and had frequent conversations during the Chapter 11 case as to the
20 debtor's operating performance and its prospects going forward. Bush Kornfeld was a significant
21 contributing factor to limiting the debtor's time in Chapter 11 to only the amount of time necessary to
22 determine its viability going forward as a reorganization candidate, rather than having the case be
23 extended many more months.

1 As the decision was being made to cease operations, Bush Kornfeld provided significant
2 advice and consulting with regard to effectuating that process to minimize obligations going forward.
3 In addition, and although not a part of this application, Bush Kornfeld has spent considerable time
4 assisting the Chapter 7 Trustee and her counsel on administrative matters since the conversion of the
5 case.

6 a. Claims Analysis and Objections to Claims: Bush Kornfeld reviewed a claim
7 and communicated with the Debtor regarding the same. Because of the posture of the case, it was
8 premature to conduct any comprehensive claims analysis.

9 b. Financing and Cash Collateral: As described above, Bush Kornfeld negotiated
10 with secured creditor Bank of America's counsel to reach agreed first and second cash collateral
11 orders, prepared the necessary pleadings and attended two hearings.

12 c. General Administration: Bush Kornfeld prepared pleadings seeking approval
13 of the Debtor's existing cash management system on shortened time upon commencement of the case
14 and responded to inquiries from Bank of America's counsel with respect to the same. Bush Kornfeld
15 attended the Initial Debtor Interview and both 341 meetings of creditors with the Debtor's
16 representative. Bush Kornfeld reviewed the monthly financial report prepared by the Debtor for June
17 2016 prior to filing. Throughout the pendency of the Chapter 11, Bush Kornfeld consulted and
18 advised the Debtor with respect to matters arising in the operation of the Debtor's business as a result
19 of the Chapter 11 and the overall strategy of the case, including its ultimate conversion to a Chapter 7.

20 d. Schedules and Statement of Financial Affairs: Schedules: Bush Kornfeld
21 assisted the Debtor in the preparation of initial and post-conversion bankruptcy schedules and
22 statements of financial affairs.
23

1 7. Financial Condition of the Estate. The debtor's assets are under the administration of
2 the Chapter 7 trustee.

3 8. Status and Progress of Case. For the reasons detailed above, the case was converted to
4 Chapter 7.

5 9. Tasks Remaining and Projection of Future Fees and Expenses. As the case has been
6 converted, Applicant's role is no longer necessary and Applicant does not anticipate incurring future
7 expenses and fees.

8 10. The services provided and costs incurred on Exhibit A were performed on behalf of
9 Debtor and not on behalf of a creditor or other entity herein.

10 11. Pursuant to 11 U.S.C. § 504, Bush Kornfeld will not share such compensation or
11 reimbursement of expenses applied for herein with any other person or firm.

12 DATED this 28th day of October, 2016.

13
14 BUSH KORNFELD LLP

15
16 By /s/ James L. Day
17 James L. Day
18 Attorneys for debtor

19 **DECLARATION**

20 I am a partner at the law firm of Bush Kornfeld LLP, and am one of the attorneys responsible
21 for the representation of Debtor in the above-captioned proceeding. I have personal knowledge of the
22 facts stated herein, and am competent to testify to them. I make this declaration in conformance with
23

1 applicable sections of the Bankruptcy Code and Bankruptcy Rules, and Rule 2016 of the Local Rules
2 of Bankruptcy Procedure.

3 I declare under penalty of perjury under the laws of the State of Washington that the foregoing
4 is true and correct.

5 DATED this 28th day of October, 2016.

6
7
8 /s/ James L. Day
James L. Day, WSBA #20474
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23